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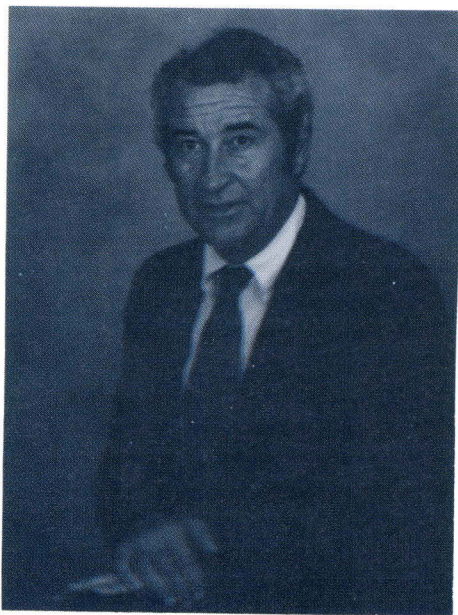


Palmetto AVIATION

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Gene Rachels named to commission

Fred Eugene Rachels, president and chief executive officer of Gene Rachels Chevrolet-Olds dealership in Chester, has been appointed to a four-year term on the South Carolina Aeronautics Commission.

Rachels was appointed to the seven-member commission by Gov. Richard Riley with term beginning Oct. 27, 1981. Rachels replaces James T. "Crack" Anderson, also of Chester, who completed a four-year term Oct. 27.

Rachels has been in the retail automobile business since 1968 and

a wholesaler for the Chevrolet Motor Division of General Motors since 1975.

He is a member of the Chester Chamber of Commerce Development Board and past vice president of that body; he is a member of the Chester Rotary Club and presently a member of the Chester Airport Commission.

He and his wife, Pat, have two sons: Will, 16 and Pat, 19. The oldest son is a sophomore at Embry-Riddle Aeronautical University.

Record number attend fourth airports conference

A record number of airport officials turned out for the fourth annual South Carolina Airports Conference held at Myrtle Beach in September.

The conference, sponsored by the S.C. Aeronautics Commission, is designed to bring together people involved in the planning, construction and operation of airports to exchange ideas and information about airport development in South Carolina.

This year, 98 managers, owners, FBO's, consultants, FAA and state representatives attended the two-day conference Sept. 9-11 at the Sheraton Myrtle Beach Inn.

The conferees heard sessions on minimum standards, leases for FBO's, liability insurance coverage and commuter service in the state and airport planning and development.

William F. Shea, FAA, Associate Administrator for Airports, was keynote speaker during the conference luncheon. He was able to give the officials the latest word on the long awaited Airport Development Aid Program (ADAP) extension. Shea also said he foresaw increasing defederalization of grant programs and state administered block grants in the future.

Flying IFR?

The FAA now has in effect a reservation program for general aviation aircraft which are on instrument flight plans.

Hourly quotas are in effect at all Air Route Traffic Control Centers (ARTCC's) from 0600 2200 local time. Pilots planning an IFR flight must call the nearest FSS for a reservation no more than 16 hours and no less than one hour in advance of departure time.

For more information call your nearest flight service station.



PALMETTO AVIATION is an official publication of the South Carolina Aeronautics Commission. It is designed to inform members of the aviation community, and others interested in aviation, of local developments in aviation and aviation facilities and to keep readers abreast of national and international trends in aviation.

The Aeronautics Commission is a state agency created in 1935 by the S.C. General Assembly to foster and promote air commerce within the state.

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Governor

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Barnwell

Ralph Schmidt, vice chairman
Greenville

Edwin Pearlstine
Charleston

Norman J. Arnold
Columbia

Michael L. Laughlin
Aiken

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Chester

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Editor

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Columbia, S.C. 29202
Phone 803/758-8037

New tax benefits for aircraft lessors

BY W. EDWARD HOWARD, JR.
Attorney-at-Law

The Internal Revenue Service has just announced a policy change which could be of interest to aircraft owners who rent to others, or have been considering doing so. In Revenue Procedure 81-32, 1982-32 IRB 19, the IRS announced that it will now rule on the question of whether a corporation engaged in the aircrafts rental business can have its income (or losses) and credits passed through to its shareholders by making an election under Subchapter S of the Internal Revenue Code, while paying no corporate income tax itself.

During the early years of ownership, rental aircraft usually provide some "tax shelter" for their owners via depreciation deductions and the investment tax credit, which may be offset against the other income and tax liability of the owner.

If the aircraft is owned by an individual, however, the individual may find himself held liable for accidents caused by his renter, and be forced to pay damages out of his other assets, over and above the value of the aircraft.

Ownership of the aircraft by corporation, while limiting personal liability to the shareholders, would not allow the individual shareholder a direct benefit from depreciation deductions and tax credits generated by the aircraft. This situation can be remedied by a valid election under Subchapter S, whereby the losses and credits of the corporation will flow through to its shareholders, and the corporation will not be liable for Federal Income Tax itself.

The election under Subchapter S by a corporate owner would thus allow pass through of losses and credits, plus limited liability, and would be the perfect solution, except that a corporation which receives a substantial amount of its income from rents is not eligible to make the election.

Fortunately, however, not all rent is "rent" to the IRS under Subchapter S. If a certain amount of services are supplied by the corporate owner along with the aircraft, the corporation may nevertheless qualify to make the election.

The remaining question is thus "How much service is enough?" The answer is not crystal clear, although it may be inferred from Revenue Ruling 81-197, 1981-32 IRB 7, also recently published, that a full service charter with pilot (which might also involve certification under part 135) would qualify for the election, while a dry lease would not.

The real impact of the IRS policy change is that the IRS will now issue a binding ruling in writing, called a "letter ruling", as to whether or not an existing or proposed corporation will qualify for the election, thus eliminating uncertainty and possible loss of tax benefits upon audit.

A tax payer must request this ruling in writing, according to a format specified by the IRS, setting forth all relevant facts concerning the operation of the business. After obtaining a favorable ruling, so long as there is no change in either the facts with respect to the operation nor the law, the taxpayer should be able to rely upon the letter ruling, and derail any IRS auditors who would disallow the tax benefits of the election.

A Subchapter S election cannot be made for South Carolina Tax Purposes; the six percent (6%) corporate tax will still apply. In the Federal Tax Law, there are other pitfalls which must be avoided also, involving both the rental terms and the financing of the aircraft, both of which are equally important to achieving the tax benefits outlined above.

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Pilots should make reports of accidents

The operator of any aircraft which is involved in an accident in South Carolina is required by state law to make a written report to the South Carolina Aeronautics Commission within 48 hours.

Apparently, many pilots are not familiar with the 1978 law because there have been instances recently where pilots have not made the necessary report.

The law requires a written report of any accident in which a person is killed or where there is \$500 or more in property damage.

If the pilot can't make the report, then the owner should; if neither the pilot nor the owner can make the report, then each passenger should make a report within 10 days. If the owner or operator dies as a result of the accident, then the legal representative of the owner shall make the report within 10 days after he qualifies as the legal representative.

Accident reporting forms are available from the South Carolina Aeronautics Commission, P.O. Drawer 1987, Columbia, S.C. 29202.

continued from page 2

Anyone who wishes to conduct an aircraft rental business also must consider the application of the Federal Aviation Regulations, with special regard to part 135 regarding air taxi operations.

There are many tax and other problems with the business of renting aircraft, beyond the simplified discussion presented above. Taxpayers should consult their tax or other advisor before acting in reliance on the foregoing article; this synopsis was not intended to render legal, accounting, or other professional service.

Mr. Howard is a Columbia attorney specializing in tax law.

Fourth airports conference was a huge success



FAA Associate Administrator Bill Shea addresses conference during luncheon



Shea greets Aeronautics Commission Director John Hamilton at the Conference

No more supplies for airports

The South Carolina Aeronautics Commission will no longer be able to provide supplies for routine maintenance at airports as it has done in the past.

The 1981-82 appropriations act contains a proviso that prohibits the Commission from providing any financial support for maintenance supplies and materials at any airports or facility except those occupied by the Commission.

In the past, Commission maintenance personnel have furnished runway lights, lenses,

rotating beacon bulbs, wind socks, paint and other routine maintenance supplies.

Commission personnel will continue to cut grass at airports using Commission grass cutters and will perform routine maintenance such as changing bulbs and lenses if such supplies are provided by the airport.

The proviso also stipulates that 1981-82 will be the last year that the Commission shall pay utility costs at any airport.

be careful!

New Jet Training route is activated

BY CAPT. GENE BRITT
363 TRW Asst. Airspace Manager

Military aircraft are now flying a new, high speed, low altitude training route. Your first reaction may be "so what?" Well it could be

very hazardous to your health and mine if we meet while we are both flying in the low altitude environment.

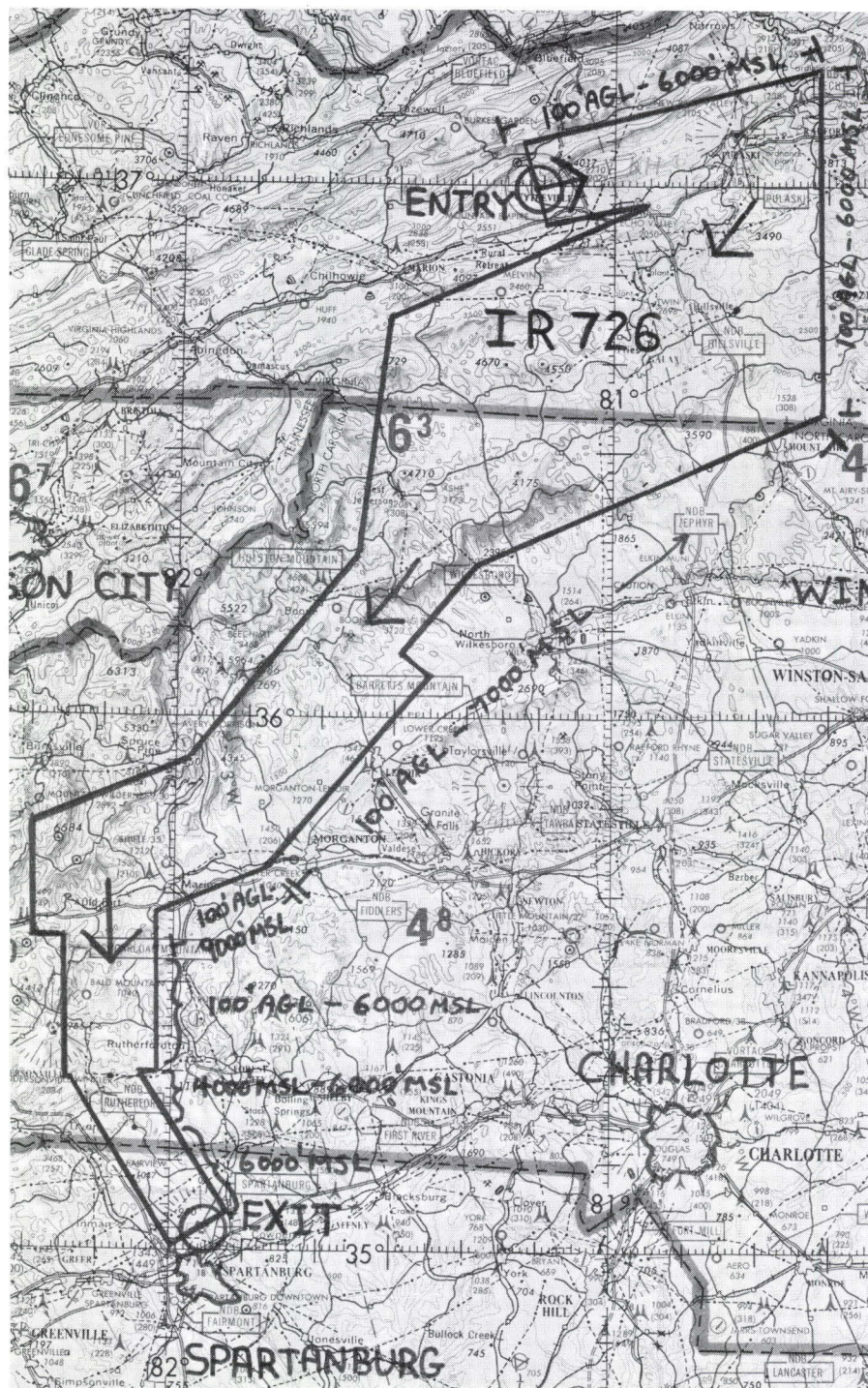
The new IR route starts at the Pulaski 260/23 and proceeds east to PSK then winds its way southwest to end at Spartanburg, SC. It underlies many low altitude Victor routes, and is a potential area of conflict for civilian and military traffic. The route is scheduled by the Shaw AFB command post, route points and altitudes are published in the FLIP

AP 1B, and the route centerline is depicted on the current Atlanta sectional charts.

Since the route is an IR route the aircraft flying it will be on an IFR clearance, however, this only guarantees positive separation from other IFR traffic. Good flight planning and a heads-up attitude about flying, on both our parts, should reduce the chances of a near miss between IR route users and VR traffic transiting the area.

To enhance your understanding of our mission I would like to discuss some of the factors that increase the potential of a mid air collision in an MTR. First let's talk about speed. We fly all our missions predominately between 420 and 540kts. Now suppose we are converging, you at 120 kts, and me at 480kts; that's a combined closure rate of 600kts or 1nm every 6 seconds. The next factor we must consider is altitude. The majority of our low level is flown at 700ft AGL and below. Consequently, the aircrews greatest concern is low level navigation and avoiding "terra firma". Also at these altitudes ATC warning of traffic is almost non-existent. To say the least "this environment is VERY INTENSE". If the aircrew's attention is diverted from clearing, then it is quite possible that we may not see each other in time to avoid a near miss or mid air collision. For this reason, flying VFR in a MTR could be very dangerous.

If we are to maintain a combat capable Air Force, then we must train in the low altitude environment. We must also share this environment with the civilian community in a responsible and professional manner. Since IR 726 is a new route you may have some questions about it. When these questions arise, please give us a call, our number is (803) 668-3110 or 3250. Ask for either Capt Paul Alman or Capt Gene Britt. We would like to further emphasize the importance of your cooperation in the success of our Mid Air Collision Avoidance (MACA) program. We believe that through cooperation and communication, both the civil and military aviation community can safely use the airspace of South Carolina.



FAA proposes new rules to regulate ultralights

The FAA has issued a Notice of Proposed Rulemaking (NPRM) which would, if passed, apply a minimum set of regulations to the fast growing sport of ultra light flying.

Basically, the proposed rule would do two things: specify where ultralights can and cannot fly and define what constitutes an ultralight aircraft.

According to the proposed regulation, ultralights would have to keep out of controlled airspace and a five mile radius from any airport unless they have permission from the ATC facility involved. They would also be prohibited from flying over populated areas or any outdoor assembly of people and, of course, prohibited or restricted areas. The regulations impose no altitude restriction — except to keep below the Positive Control Airspace (PCA) of 18,000 feet — but they do recommend ultralights stay below 500 feet.

The NPRM proposes to define an ultralight as a craft intended to be used by a single occupant. It should weigh 155 lbs or less and have a fuel capacity of 15 lbs or less.

The FAA wants interested persons to comment on the proposed rule, particularly the proposed weight and fuel capacity limitations since those limitations would determine whether or not the vehicle must be certified as an aircraft or not.

The Experimental Aircraft Association (EAA) has recommended the FAA increase

the weight limitation to 220 lbs and the fuel capacity limitation of 21 lbs (3.5 gals) of fuel.

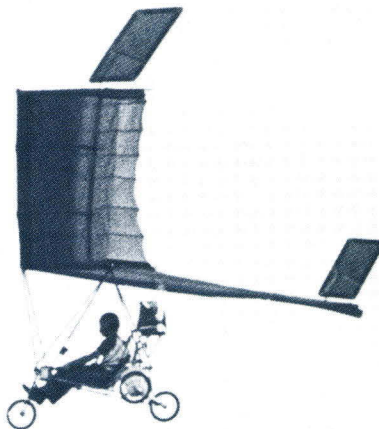
The EAA says very few of the present ultralight vehicles fall within the proposed limit of 155 lbs and fears that safety would be jeopardized if some ultralights were lightened.

"If this limit were adopted, we are concerned that many structural members and fittings may be lightened in an endeavor to bring weight within the proposed limit," EAA said.

Additionally, the EAA said increasing the ultralight's fuel capacity to 21 lbs would give enough fuel for a safety reserve when flying away from base.

On the whole, however, the EAA said it welcomes the NPRM which it said "acknowledges the basic freedom of our people and does not seek to unnecessarily restrict future development of this activity."

Under the proposed rule, ultralights would be free from the airworthiness and pilot certification requirements of aircraft; however, they could be inspected by FAA personnel to make sure they are in compliance with the rules.



FAA invites comments on proposed rule

The FAA has invited interested persons to participate in the making of the proposed ultralight rule by submitting comments, views or data on the rule.

"Comments that provide the factual basis supporting the views and suggestions are particularly helpful in developing reasoned regulatory decisions on the proposal," the FAA said.

Comments must be received by Nov. 25, 1981 and should be sent in duplicate to:

Federal Aviation Administration,
Office of the Chief Counsel,
Attention: Rules Docket (AGC-204), Docket No. 21631
800 Independence Ave SW
Washington D.C. 20591

Any person may obtain a copy of the NPRM by writing:
FAA Office of Public Affairs,
Attention: Public Information Center (APA-430)
800 Independence Ave. SW
Washington, D.C. 20591
or by calling (202) 426-8058. Ask for NPRM no. 81-6.

FAA orders return to 12" numbers

The FAA has ordered that most general aviation aircraft display 12-inch high registration numbers effective Nov. 2, 1981, reversing a 1977 decision that permitted owners of aircraft with speeds not greater than 180 knots to display three-inch high numbers.

FAA said in the four years it has permitted the smaller numbers, it has received a number of complaints from civic organizations, private citizens, air traffic controllers, law enforcement agencies and the Defense Department about the difficulty of positively identifying such aircraft because the numbers are too small to be read from a distance.

"These complaints established that operational efficiency has been affected by aircraft displaying small numbers and that positive and timely visual identification at busy general aviation airports has been compromised," the FAA said.

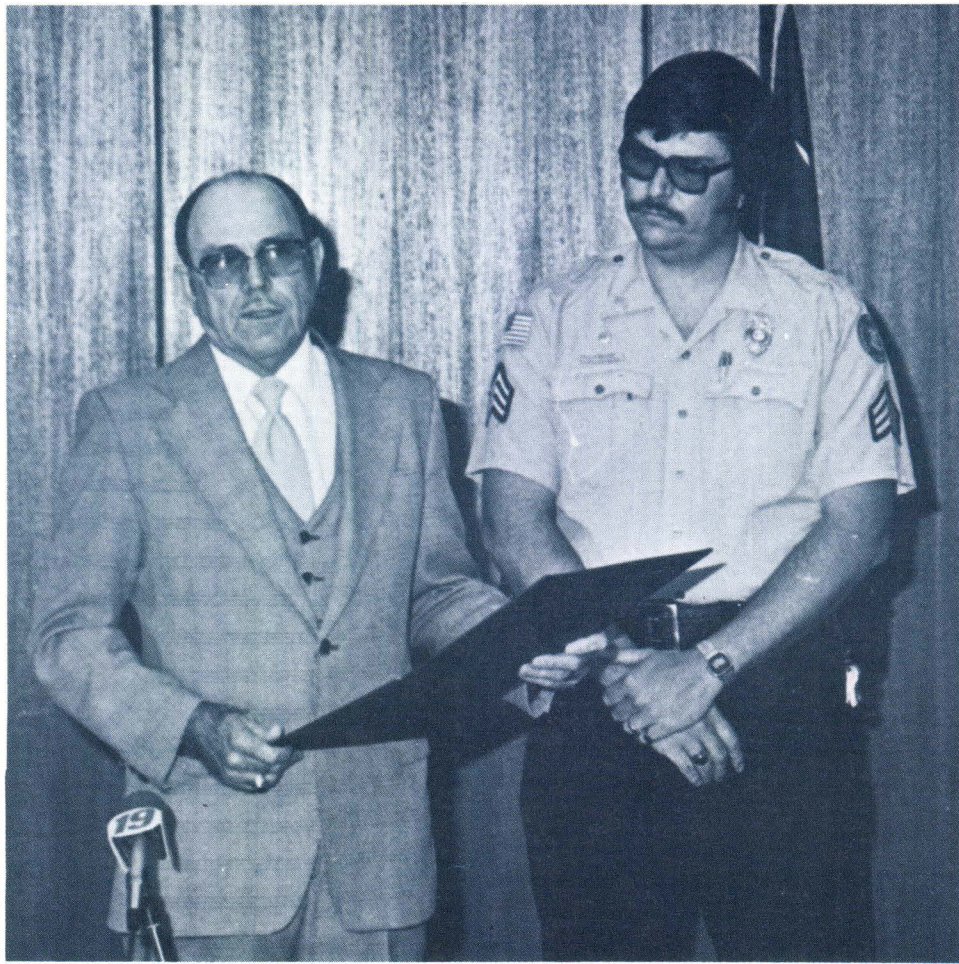
To avoid undue cost of compliance to owners and manufacturers, FAA said aircraft displaying the smaller numbers before Nov. 2 and aircraft manufactured after Nov. 2, 1981 but before Jan 1., 1983, will be allowed to continue displaying the smaller numbers until the aircraft is repainted or the registration marks are destroyed, repainted or changed.

Breakfast Club



- Nov. 8 Aiken Airport, Breakfast on the field
- Nov. 15 Special meeting at McEntire Air National Guard Base.
- Nov. 29 Monks Corner
- Dec. 13 Jekyll Island, Ga.
- Dec. 27 Camden, breakfast at Golden Corall restaurant

On Oct. 25, the club held its annual meeting in Orangeburg and elected new officers for the coming year. Check next month's issue for details.



Columbia Airport Policeman commended by FAA

On Thursday, October 8, 1981 Sergeant Tillam A. (Tony) Marier, Jr. of the Columbia Metropolitan Airport Police Department was presented the U.S. Department of Transportation, Federal Aviation Administration Certificate of Appreciation by Mr. Charles N. Buice, Manager, Airway Facilities Sector, Federal Aviation Administration, Charleston, for actions taken following an arson incident at the airport's FAA radar facility last August.

This prestigious award is one of the highest awards presented to individuals not employed by the Federal Aviation Administration. Sergeant Marier through his investigations and actions is credited with saving the radar equipment building from complete destruction.

The incident which occurred during the early morning hours of August 4th, 1981 was discovered by

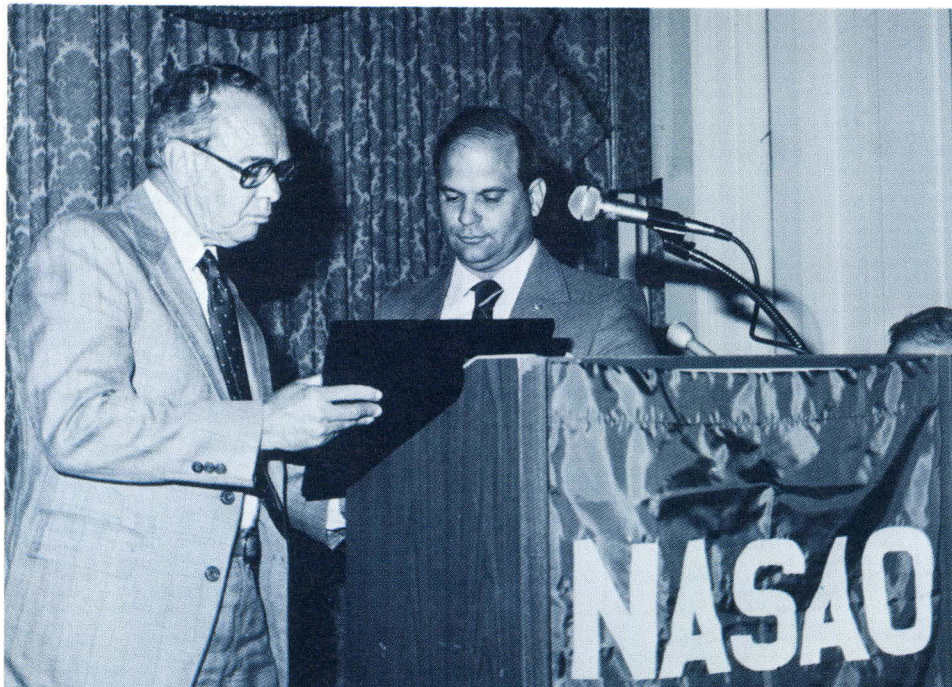
Sergeant Marier during a routine security patrol. He observed fresh tire tracks, which had not been observed during an earlier patrol, that led to the FAA Airport Surveillance Radar security gate. The gate, which is normally locked was found "ajar". Sergeant Marier then discovered that a door to the radar building had been forced open and smoke and fire were visible inside. He immediately notified the control tower of the situation by radio and instructed the tower to respond the airport's Crash-Fire-Rescue Department. The responding firemen were given clear and concise directions by radio to the exact location of the fire by Sergeant Marier, so the fire could be extinguished.

This Certificate of Appreciation was presented for a job well done on behalf of the FAA, the aviation community and the public at large.

Wilder Honored

Joseph B. Wilder, chairman of the South Carolina Aeronautics Commission, was honored recently by the National Association of State Aviation Officials (NASAO) for his contributions to aviation in South Carolina and the nation.

The Barnwell radio station owner was presented a certificate of appreciation by NASAO President Dave Blackshear at the group's 50th anniversary meeting held Sept. 27-30 in Minneapolis, Minn.



FAA Seeks to Simplify General flight rules for weekend pilots

The Federal Aviation Administration is proposing a simplification of its General Operating and Flight Rules to make them easier to understand and use.

One result of the simplification would be that the average weekend pleasure pilot would have to read and understand only the first three sections to be familiar with the rules under which he or she flies. Until now, pilots have had to go through all of the regulations to find the ones applicable to them.

The simplification, outlined in a Notice of Proposed Rule Making published in the Federal Register of Sept. 10, is partly the result of President Reagan's program to simplify federal regulations wherever possible and partly the result of a petition filed by the Aircraft Owners and Pilots Association (AOPA).

The proposed simplification would break down the regulation into 10 subparts, compared with five in the existing regulation.

In general, the first three would cover most of what a weekend flyer would need to know. The next two

would cover most of what anyone else in aviation short of the airline or other operators of large transport aircraft would have to know. The last five would cover what the airlines and other large operators — including foreign operators — would have to know.

The FAA said it does not contemplate issuing a final rule on the simplification unit it has published and received comments on the upcoming Notice of Proposed Rule Making on the substantive changes of Part 91.

The agency invites interested parties to submit suggestions on what should be in the upcoming Notice along with their comments on the simplification proposal. Those comments are due by Dec. 9, 1981.

They should be sent, in duplicate to: Federal Aviation Administration, Office of the Chief Counsel, Attention: Rules Docket (AGC-204), Docket No. 18334, 800 Independence Avenue, SW, Washington, D.C. 20591. Comments must be marked: Docket No. 18334.

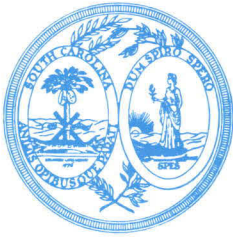
Airports need liability coverage lawyer says

George Kosko, an aviation law specialist, told airport owners, operators and managers to take a good look at their liability insurance because they may need it soon.

Speaking at the fourth annual S.C. Airports Conference at Myrtle Beach, Kosko told those responsible for running the state's airports that they should no longer expect to hide behind the principal of sovereign immunity in liability cases because the courts have been increasingly reluctant to afford that protection in recent decisions.

Kosko predicted the courts would soon remove the protection altogether and suggested that even small airports should carry a minimum of \$1 million liability insurance to protect against property damage and personal injury situations.

Columbia Metropolitan Airport now has a general aviation access gate. If you are flying into CAE and need to load or unload passengers at the terminal, ask ground control (121.9) for taxi instructions to the general aviation gate.



**SOUTH CAROLINA
AERONAUTICS COMMISSION**
P.O. Drawer 1987
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Pilot's ten commandments

I. Beware of the intersection takeoff, for verily the runway behind thee and altitude above thee are no more than another hole in the head.

II. Tarry not on active runways, for mad confusion may result, causing thee to make like a chopping block.

III. Ignore not thy checklist, for many are the switches, valves, and handles waiting to take vengeance upon thee.

IV. Look to thy left and to thy right as thou journey through the sky, or thy fellow pilots will surely buy beers for thy widow and console her in other ways.

V. Buzz not, for this incurreth the wrath of thy neighbor and bringeth the fury of the FAA on thy head and shoulders.

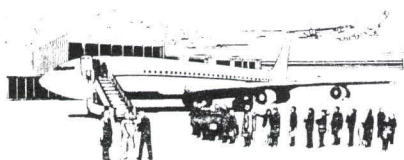
VI. Takest the measure of thy fuel, for verily a tank full of air is an embarrassment at 10,000 feet.

VII. Push not through the scud, lest the Angel Gabriel be waiting on the other side.

VIII. Trifle not with the thunderstorm, for the wings and tail feathers are like to be shorn from thy sky chariot, and thyself be case about the firmament.

IX. Be wary of weather prophets, for the truth is not always in them.

X. Check frequently thy airspeed on final, lest the firmament riseth up and smite thee.



Commission okays funds for three projects

The South Carolina Aeronautics Commission approved more than \$50,000 for three airport projects at its meeting in October.

The Commission allocated \$15,880 in state funds for a project to install runway and taxiway edge lighting at the Greenville-Spartanburg jetport. The total cost of the federal, state and locally funded project will be \$317,608.

The Commission also gave conditional approval to a

\$15,000 request for easement acquisitions, clearing and site preparation for a runway extension at Berkely County. The state money will be spent if federal funds are approved for the \$247,829 project.

And the Commission agreed to allocate \$20,000 to pay for pre-engineering work on proposed construction plans for a new Cherokee County Airport. If the airport is not built, the money will be returned to the state.

Pilver to head Beaufort County aviation board

Maurice Pilver, an executive officer with the First Community Federal Credit Union, has been named chairman of the Beaufort County Aviation Board.

The Beaufort resident has served on the board for three years. Beaufort County Council asked him to accept the chairmanship after reappointing him to another two-year term.

Former chairman Don Meachen was not reappointed.

The new chairman said he would like to see the airport board set some priorities for the county's two airports.

\$3.4 million bid for CHS paving

Southern Roadbuilders Inc. was the low bidder on a taxiway and apron paving and lighting project at Charleston International Airport.

Airport Director George A. Rubino said Southern Roadbuilders bid \$3.43 million for the project. Work will include subbase and underdrain system, taxiway and apron lighting and concrete paving of the apron and taxiways around the new terminal site on the east side of the airport. Construction should start around the first of November, according to Rubino.

The new terminal building is expected to be put out for bids in March or April of 1982.